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C O N F I D E N T I A L SECTION 01 OF 02 JAKARTA 001709

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SUBJECT: CORRUPTION UPDATE -- HEADLINE-GRABBING TRIAL OF
FORMER OFFICIAL OPENS

REF: JAKARTA 1613 AND PREVIOUS

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Classified By: Pol/C Joseph L. Novak, reasons 1.4(b+d).

11. (C) SUMMARY: The high profile trial of former Corruption Eradication Commission (KPK) chief Antasari Azhar began in Jakarta on October 8. The arrest of Azhar earlier this year set off a chain of recriminations and investigations by the police into the KPK--and vice versa. Separately, a police internal investigation has cleared a high-level police official of wrong-doing in launching an allegedly retaliatory investigation of the KPK. In a sign of his continued anti-corruption resolve, President Yudhoyono has sworn in three new interim KPK leaders. All of them have solid reputations. END SUMMARY.

KEY TRIAL BEGINS

12. (SBU) A high profile trial is gripping Indonesia. The GOI has formally charged Antasari Azhar, former head of Indonesia's Corruption Eradication Commission (KPK), with murder. The trial began in South Jakarta District Court on October 8. According to the salacious and detail-filled indictment, Azhar allegedly ordered the March 2009 killing of businessman Nasrudin Zulkarnaen to end a blackmail scheme. Per the prosecution picture of events, Zulkarnaen allegedly blackmailed Azhar for having an affair with Zulkarnaen's mistress (see reftels). In exchange for the keeping of this secret, Azhar was to ensure that Zulkarnaen became the director of a state-owned enterprise. The trials of Azhar's three accomplices also began on October 8. Azhar has denied all charges, but faces a strong line-up of prosecutors.

POLICE OFFICIAL ABSOLVED

13. (SBU) Separately, the GOI has absolved a high-level police official of alleged crimes. The internal police investigation cleared criminal investigative unit chief Susno Duadji of abuse of power and corruption. The police launched their internal investigation of Duadji after reports that he had arrested KPK commissioners Chandra Hamzah and Bibit Samad Rianto in order to retaliate against them. The KPK had investigated Duadji's role in mediating between a failing bank and an investor trying to retrieve his savings.

PRESIDENT SWEARS IN NEW KPK LEADERSHIP

14. (SBU) The Palace has held a ceremony for three new KPK

commissioners. President Yudhoyono personally swore in the three: Tumpak Hatorangan Panggabean; Waluyo (one name only); and, Mas Achmad Santosa. Tumpak Hatorangan Panggabean was selected to replace Antasari Azhar, while Mas Achmad Santosa and Waluyo were selected to replace Chandra Hamzah and Bibit Samad Rianto, respectively. (Note: Chandra Hamzah and Bibit Samad Rianto were suspended by the KPK after the police charged them with abuse of power and corruption.)

15. (C) The three new interim KPK commissioners have strong reputations. Transparency International (Indonesia) Secretary General Teten Masduki reacted positively to the appointments, stating that he is sure the three will perform well in their new positions. Brief biographical sketches of the new commissioners follow:

-- Tumpak Hatorangan Panggabean, 66, served as the director of investigations under the previous KPK leadership. He is currently serving as a commissioner of the Indonesian postal service. His appointment as the new chief signals that the KPK may have a stronger emphasis on investigation than it previously had. His appointment was applauded by many corruption watchers.

-- Waluyo, 53, served previously as a deputy commissioner in charge of prevention under the previous KPK leadership. He is currently a Director for Pertamina, the state oil and gas company. He was selected to replace Bibit Samad Riyanto as chief of education. While serving as the deputy in the prevention division, Waluyo focused on curbing corruption in public procurement.

-- Mas Achmad Santosa, 53, was a member of the 2007-2011 KPK recruitment and selection team. He was an advisor on legal

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reform for the United Nations Development Program (UNDP) in Indonesia and has served as the Secretary for the Advisory Board of Indonesia's legal aid society. He is a founder of the Indonesian Center for Environmental Law and the head of the Alumni Association of the Faculty of Law at Universitas Indonesia. He will serve as the KPK's new chief of enforcement.

RENEWED ANTI-CORRUPTION RESOLVE

16. (C) As touched on, the new KPK commissioners are well-regarded by civil society. They seem to be in a good position to tackle some of the more sensitive corruption cases that were left pending under Azhar's leadership. In other positive news, in an effort to coordinate with Indonesia's other anti-corruption bodies, the new KPK leadership met with Attorney General Hendarman Supandji on October 8 to clarify each bodies' respective responsibilities. All in all, President Yudhoyono seems intent on getting back to basics, trying to regain lost momentum on the anti-corruption track. His key challenge is to smooth out tensions in his own government and allow the anti-corruption effort to proceed without obstacles. In the meantime, civil society continues to monitor the situation closely.

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